

EXHIBIT 4

Videotaped Deposition of
Lucy P. Allen
October 14, 2020

Grae
vs.
Corrections Corporation of America, et al.
Confidential Pursuant to Protective Order



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<p>1 have opinions that you can share about his 2 rebuttal report that don't require you to go line 3 by line through the report?</p> <p>4 MR. WHITWORTH: Object to the form.</p> <p>5 THE WITNESS: I'm not sure what you 6 mean by that, in general do I have 7 opinions that I can -- I mean, I don't -- 8 can I think of things off the top of my 9 head that may not be comprehensive? 10 Perhaps.</p> <p>11 BY MR. WOOD:</p> <p>12 Q. Sure. Let's -- let's do that.</p> <p>13 A. I have a copy of his report here. 14 Shall I look at that? That might help me to --</p> <p>15 Q. No, I'm just interested in -- in -- 16 in -- in whether you have opinions about his 17 report that you can share without going line by 18 line through it, because I don't want to do that 19 right now.</p> <p>20 A. Yeah, and I didn't mean that I would 21 necessarily go line by line. I think at least 22 looking at his report would -- would help me, if 23 I could look at his -- the headings.</p> <p>24 Glancing at his report may be helpful 25 to structure my comments.</p>	<p>Page 9</p> <p>1 A. I had a team and in your office 2 helped me in the preparation of my reports, 3 correct.</p> <p>4 Q. And -- and they helped write some of 5 it too, right?</p> <p>6 A. I don't know if I would say they 7 helped write it. They helped in the drafting 8 process. The -- the content of the report and 9 the opinions and findings are my own. I had a 10 team that assisted me.</p> <p>11 Q. Okay. And can you tell us the names 12 of the folks that were on that team, please?</p> <p>13 A. Yeah. So the primary people 14 assisting me in preparing the reports -- and I am 15 assuming you're talking about there are two 16 reports that I have done in this loss causation 17 and damages phase.</p> <p>18 Are those the reports you're 19 referring to? I think you previously deposed me 20 on prior reports.</p> <p>21 Q. Right, just the -- the 2020 reports, 22 for lack of a better term.</p> <p>23 A. Okay. Jorge Baez, Agastya Shastri, 24 Jake Brekelbaum, Andrei Boiko were the primary 25 members assisting me in -- in this work.</p>
<p>1 Q. Okay. Well, that's an exhibit that 2 we're going to look at later, so I'm -- I'm happy 3 to -- to do that later in the deposition.</p> <p>4 How much --</p> <p>5 MS. REPORTER: Counsel, can we go 6 off the record?</p> <p>7 MR. WOOD: Sure.</p> <p>8 VIDEO OPERATOR: Okay. The time is 9 10:07 a.m. and we're off the record.</p> <p>10 (Thereupon, a discussion was had off 11 the record.)</p> <p>12 VIDEO OPERATOR: The time is 13 10:09 a.m. and we're on the record.</p> <p>14 MR. WHITWORTH: Just for the 15 record, defense objected to the previous 16 question by Mr. Wood.</p> <p>17 BY MR. WOOD:</p> <p>18 Q. Ms. Allen, how -- how much time did 19 you personally spend on the reports in this case 20 that you issued this year?</p> <p>21 A. I would estimate between the reports, 22 as well as some time for preparation for today, 23 about 100 hours.</p> <p>24 Q. And there were folks that helped you 25 write your report, right?</p>	<p>Page 10</p> <p>1 Q. Any folks that you can recall who 2 assisted you that were not the primary folks?</p> <p>3 A. Yeah. So I had a -- I had a peer 4 review of my report which was done by a colleague 5 at NERA that did not work on the report, Dave 6 Tabak.</p> <p>7 I don't recall others, but I 8 wouldn't -- there may have been others that had 9 helped with certain parts or checking, but not 10 specifically that I recall.</p> <p>11 Q. Okay. Do you -- do you have a copy 12 of your August 7th -- so we have a binder that we 13 sent to you, which I believe will get delivered 14 in the next 40 minutes, which has copies of some 15 documents. So hopefully that will help in a 16 little bit, but I -- I'm going to introduce your 17 report as an exhibit.</p> <p>18 MR. WOOD: This is tab 2 in the 19 documents that we sent to Aptus. And I 20 think we're starting Exhibit 534. So 21 if -- if Aptus wants to share that.</p> <p>22 BY MR. WOOD:</p> <p>23 Q. But I was going to say, Ms. Allen, if 24 you have a copy of your -- a hard copy of your -- 25 your August 7th expert report in front of you,</p>

<p>1 dismiss.</p> <p>2 A. I do recall that. And I do -- I have</p> <p>3 that now as one of the alleged</p> <p>4 misrepresentations.</p> <p>5 As I recall, it was not in the</p> <p>6 section of the complaint that lists the</p> <p>7 categories and types of misrepresentations. It</p> <p>8 was somewhere else in the complaint.</p> <p>9 So if you looked at the -- no, I</p> <p>10 don't have the complaint in front of me. And</p> <p>11 this was a while ago. But as I recall, the</p> <p>12 headings and the categories of the complaint made</p> <p>13 clear that the alleged misrepresentations were in</p> <p>14 one section and the one that you told me that I</p> <p>15 had omitted was somewhere else.</p> <p>16 So it was not contained within what</p> <p>17 would -- would organizationally and normally been</p> <p>18 the section that you listed all the alleged</p> <p>19 misrepresentations.</p> <p>20 And if you look at Appendix C to my</p> <p>21 report, I think you'll see that I have listed all</p> <p>22 the alleged misrepresentations and I've given</p> <p>23 them all numbers and they all cite to a similar</p> <p>24 area of the complaint, except for M30, which</p> <p>25 cites to paragraph 35.</p>	Page 37	<p>1 and I have analyzed it in this report.</p> <p>2 It is not -- and you did bring this</p> <p>3 question up at my last deposition.</p> <p>4 Q. Yeah, I -- I disagree that you've</p> <p>5 analyzed it in the report. I don't think that's</p> <p>6 true.</p> <p>7 But I'm going to introduce your</p> <p>8 supplemental report from 2018 -- and this is</p> <p>9 tab 1 -- as Exhibit 536.</p> <p>10 MR. WOOD: If we could pull that</p> <p>11 up.</p> <p>12 (Thereupon, Allen Exhibit</p> <p>13 Number 536 was marked for</p> <p>14 identification.)</p> <p>15 THE WITNESS: November 2018, I have</p> <p>16 that.</p> <p>17 BY MR. WOOD:</p> <p>18 Q. Yeah, November 21, 2018. Your --</p> <p>19 yeah, if you've got a hard copy --</p> <p>20 A. Okay. Yep.</p> <p>21 Q. I can't imagine --</p> <p>22 A. Yeah.</p> <p>23 Q. -- we're going to have a dispute</p> <p>24 about your report -- the -- the --</p> <p>25 A. Okay.</p>	Page 39
<p>1 Q. Right. But paragraph -- you -- you</p> <p>2 agree, though, that paragraph 35 is not included</p> <p>3 in Exhibit 1, right?</p> <p>4 MR. WHITWORTH: Object to the form.</p> <p>5 BY MR. WOOD:</p> <p>6 Q. Let me -- let me ask a -- a -- a more</p> <p>7 specific question, hopefully to avoid that</p> <p>8 objection.</p> <p>9 You -- you agree that the -- the --</p> <p>10 literally the -- the characters paragraph symbol</p> <p>11 and 35 do not appear in Exhibit 1, right?</p> <p>12 MR. WHITWORTH: Same objection.</p> <p>13 THE WITNESS: I believe that is</p> <p>14 correct.</p> <p>15 BY MR. WOOD:</p> <p>16 Q. And so --</p> <p>17 A. And, again, I mean, just -- you</p> <p>18 have -- plaintiffs have written a complaint where</p> <p>19 all of the alleged misrepresentations are under a</p> <p>20 category that -- a heading that has that. And</p> <p>21 the -- the one that you are asking about and that</p> <p>22 you asked me about previously was not listed</p> <p>23 there.</p> <p>24 So it's a -- it's a -- I -- I have --</p> <p>25 I have considered that alleged misrepresentation</p>	Page 38	<p>1 Q. Yeah.</p> <p>2 But they have put it in the -- in the</p> <p>3 chat here if you want to just pull up what's in</p> <p>4 the chat box and confirm that Exhibit 536 is your</p> <p>5 November 21, 2018 report.</p> <p>6 A. Okay. Yeah, I guess it takes awhile</p> <p>7 to open these chats.</p> <p>8 Q. Yeah.</p> <p>9 A. Yeah, that looks right.</p> <p>10 Q. And if you turn to paragraph 23 on</p> <p>11 page 11 of your prior report --</p> <p>12 A. I'm sorry. Look at where?</p> <p>13 Q. It's -- well, it's starting on</p> <p>14 paragraph 23 on page 11 of your report.</p> <p>15 A. This earlier report, okay.</p> <p>16 Q. Right, the -- Exhibit 536, the</p> <p>17 November 21, 2018 report.</p> <p>18 Are you on page 11?</p> <p>19 A. Yes.</p> <p>20 Q. And you see on page 11 and going into</p> <p>21 page 12, this report mentions -- well, it's the</p> <p>22 same thing we were just talking about, right,</p> <p>23 where on paragraph 24 you say that this March 30,</p> <p>24 2016 statement is -- is not in the section with</p> <p>25 the other false statements, right?</p>	Page 40

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1	So it's not to say that I haven't	1	claims. I have reviewed the judge's
2	analyzed it, but the way you wrote your	2	decision. And your -- your question about
3	complaint, you have a large section labeled	3	my table 1 is really a question about why
4	alleged misstatements and omissions. It goes	4	did you write the -- if this was such an
5	chronologically through all the various	5	important alleged misstatement, why is it
6	statements and it claims what is -- what -- there	6	not under your section of misstatements and
7	are -- I think it's something like four	7	why did you not say in the complaint a
8	categories of -- of types of issues that you say	8	category and -- or set of categories of what
9	are wrong with each of these statements.	9	made this particular statement false or
10	And you did not put that statement in	10	misleading.
11	that whole section of your complaint. So I	11	So that's what Exhibit 1 is doing.
12	just -- you know, organizationally I didn't know	12	It's just reorganizing what you have alleged
13	what to do with it. You didn't -- you didn't put	13	in the complaint.
14	it in your section. You didn't have a -- a	14	BY MR. WOOD:
15	description of why it was false and misleading.	15	Q. Is there anywhere in your August
16	replies on paragraph 35 in denying the defendants'	16	report, anywhere, that you cite to paragraph 35,
17	motion to dismiss, even though I accused you of	17	other than in M30 or whichever one it is of the
18	ignoring paragraph 35 in your class cert report	18	alleged misrepresentations?
19	and you subsequently addressed it in your	19	MR. WHITWORTH: Object to the form.
20	previous supplemental report, it's still not in	20	You're -- you're still just talking about
21	Exhibit 1, right?	21	the numbered paragraph 35?
22	MR. WHITWORTH: Object to the form.	22	MR. WOOD: Yep.
23	THE WITNESS: I have explained to	23	MR. WHITWORTH: Okay.
24	you it is -- it is analyzed in my report.	24	THE WITNESS: So I see it cited
25		25	twice, for example, on page 24 of
		Page 50	Page 52
1	It is mentioned as an alleged	1	Appendix C.
2	misrepresentation in my report.	2	BY MR. WOOD:
3	It does not fit into category 1	3	Q. Right.
4	because of the way that you wrote your	4	A. I don't believe so. I don't see
5	complaint. You have a section that's called	5	other of the alleged misrepresentations being
6	something like alleged misstatements and	6	cited multiple times either, though, so --
7	omissions. It goes on and on for pages.	7	Q. Isn't it true, Ms. Allen, that you
8	And for each alleged misstatement in your	8	intentionally ignored the statement in
9	complaint, you say why you claim that	9	paragraph 35 in your class cert report and in
10	alleged statement is false or misleading.	10	this report because if you had actually analyzed
11	What -- what Exhibit 1 does is take	11	it, it would have undermined your conclusions?
12	each of the reasons that you say that the	12	MR. WHITWORTH: Object to the form.
13	alleged misstatements are false and	13	THE WITNESS: Absolutely not true.
14	misleading and rather than doing it as -- in	14	BY MR. WOOD:
15	the order that you have done it, which is by	15	Q. Can you point me to anywhere in your
16	misstatement, it takes each category of --	16	August 2020 report where you analyze the
17	of misstatement and puts them by category.	17	statements in paragraph 35?
18	You did not categorize the -- the	18	MR. WHITWORTH: Object to the form.
19	sentence or sentences in paragraph 35 and	19	You still don't want to show her the
20	say why they were allegedly false or	20	statements in paragraph 35?
21	misleading, so it does not fit into	21	MR. WOOD: No, that's fine.
22	Exhibit 1. Exhibit 1 is putting your claims	22	Let's introduce the complaint. So
23	of why statements are allegedly false and	23	it's tab 11. And tab 11's going to be
24	misleading into a -- a table.	24	Exhibit 538.
25	So I feel the -- I have analyzed your	25	

		Page 61	Page 63
1	Q. And -- but you agree that the last	1	findings about whether plaintiffs' experts'
2	time I deposed you in this case I criticized you	2	claims are consistent with their claim of market
3	for not analyzing paragraph 35 in your class	3	efficiency. I have not been asked to analyze,
4	certification report, right?	4	nor have I, whether CoreCivic stock was efficient
5	MR. WHITWORTH: Object to the form.	5	during the class period.
6	THE WITNESS: You criticized me for	6	Q. Okay. And so just to be clear,
7	not listing it as an alleged	7	because you haven't been asked to analyze whether
8	misrepresentation. I don't believe I said	8	CoreCivic's stock was efficient during the class
9	I didn't analyze it. I have listed it and	9	period, you don't have an opinion on whether
10	analyzed it in my reports on damages and	10	CoreCivic's stock was efficient during the class
11	loss causation.	11	period, right?
12	BY MR. WOOD:	12	A. I don't have a finding on whether it
13	Q. Well, in your initial report you were	13	was a -- yeah, I think that's correct.
14	looking at the alleged misstatements and you were	14	Q. Okay. And in Mr. Dalrymple's opening
15	looking at whether or not there was any price	15	report in this case, his August 2020 report, he
16	impact attributable to the alleged misstatements	16	has a -- a -- a section in one of his appendices
17	in your class cert report, right?	17	on market efficiency.
18	MR. WHITWORTH: Object to the form.	18	Do you remember that?
19	THE WITNESS: I was analyzing price	19	A. I have his report.
20	impact from the alleged misstatements in	20	Q. Let's -- well, let -- if you're going
21	my first report, that's correct.	21	to look at something, let's -- let's introduce it
22	BY MR. WOOD:	22	into evidence, because I don't want to just look
23	Q. And -- but you didn't analyze price	23	at random documents --
24	impact in paragraph 35, which is why -- in your	24	A. Okay.
25	opening report, which I criticized you for, and	25	Q. -- separately.
1			Page 62
1	that's why you did it in your supplemental report	1	MR. WOOD: So why don't we
2	that we just looked at for the class cert, right?	2	introduce tab 4, which is going to be
3	A. So I'm not sure I'm going to agree	3	Exhibit 538 (sic).
4	with your characterization of that. I think I	4	VIDEO OPERATOR: Are you sure it's
5	did analyze it. I think I didn't list it as an	5	not going to be 539?
6	alleged misrepresentation because, again, it was	6	MR. WOOD: No, I am not sure about
7	not under the -- the section called Defendants	7	that.
8	made numerous fraudulent statements and omissions	8	VIDEO OPERATOR: I think it's 539.
9	during the class period.	9	MR. WOOD: All right. That's good.
10	Q. All right. We'll --	10	Let's do 539.
11	A. And it was under the background	11	(Thereupon, Allen Exhibit
12	section.	12	Number 539 was marked for
13	Q. We will let the reports --	13	identification.)
14	A. And -- and so what I say in my	14	BY MR. WOOD:
15	supplemental report is there was no new	15	Q. Ms. Allen, if you want to take a look
16	information in the March 30th statement that was	16	at 539 and confirm that that's Mr. Dalrymple's
17	not already included in plaintiffs' other alleged	17	August 7, 2020 report.
18	misrepresentations and not already analyzed in	18	A. Yes.
19	the Allen report.	19	Q. All right. And if you'd go to
20	Q. All right. We'll let the reports	20	Mr. Dalrymple's Appendix C, which starts on
21	speak for themselves.	21	page 57 of the PDF, and --
22	Do you have an opinion on market	22	A. So E like Edward or --
23	efficiency in this case?	23	Q. C like Chris.
24	A. I have not been asked to -- I guess	24	A. Okay.
25	the question is -- is whether -- I have some	25	Yes.

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1	A. Yes.		
2	Q. And the Yates memo was new news, right?		1 level of correctional services, programs and resources?
3	MR. WHITWORTH: Object to the form.	3 Q. Yep.	2 A. That -- that information was known.
4	THE WITNESS: I'm not sure exactly	4 They -- they don't provide the same. They're not	5 even -- they're not asked to provide the same.
5	what you mean by that, but when the --	6 So that's -- that's -- that's just known	7 information. I don't think the -- I think the --
6	when the Yates memo came out and it was	8 they're contracting for different services.	9
7	public on this date, it was news to the		
8	market, yeah.		
9	BY MR. WOOD:		
10	Q. And the -- well, the -- the announcement that the BOP was going to reduce and eliminate the use of private prisons, that was new news, right? That hadn't been previously announced?	10 Q. So you say that was known information based on the contracts for the private prisons?	11 MR. WHITWORTH: Object to the form.
11	A. I don't know if it says they're going	12 THE WITNESS: I say that it was	13 known that the private prisons had
12	to eliminate. It says reducing our use of	14 different services and programs and	15 resources than other prisons.
13	private prisons. I'm not sure it says they will	16	17
14	eliminate it, but --	18 BY MR. WOOD:	19 Q. And -- and, again -- and how -- how was that known?
15		20 A. I think that was known for many	21 reasons. I think they -- well, I'm quite sure
16	Q. All right. Well, let's -- if you look at page -- the top of page 2 of the Yates memo, it says, For all these reasons, I'm eager to enlist your help in beginning the process of reducing and ultimately ending our use of privately operated prisons.	22 that's something I address in my report. They	23 just have different services that they're
17		24 providing. They're different types of prisons	25 with different populations providing different
		Page 94	Page 96
1	Do you see that?		1 services.
2	A. Yeah.	2 Q. Where -- where is that in your report?	3
3	Q. And that -- that was new news, right?	4 A. Well, I don't -- I'm pretty sure it's	5 in my earlier report as well. I -- I don't think
4	That hadn't been said by the DOJ before, right?	6 that any of your experts have disputed that they	7 provide different services. But I'm not finding
5	A. Which part of the sentence?	8 where I say that in my report.	9
6	Q. Whole -- whole -- the whole --	10 Q. Okay. Would you turn to page 29 of your report?	11 A. Sure. Oh, I'm right there.
7	A. That sentence or --	12 Q. Okay. You say in paragraph 49 that	13 the plain language of the Yates memo indicates
8	Q. The whole sentence.	14 that it did not rely on any newer or more current	15 data than the OIG report.
9	A. I mean, no. This says, I am eager to	16 Do you see that?	17 A. Yes.
10	enlist your help in beginning the process of	18 Q. How -- so my question to you is what	19 did the Yates memo rely on in reaching its
11	reducing, but -- yes, I think that's new.	20 conclusions in paragraph 3 that we just looked	21 at?
12	Q. Okay. On page 1, the last paragraph, it says, Private prisons served an important role during a difficult period, but time has shown that they compare poorly to our own Bureau facilities.	22 A. I -- so when I'm saying the plain	23 language, I'm saying you read the language and
13		24 see what they say -- what the memo references and	25 relies upon.
14	And then it -- the first clause after that says, They simply do not provide the same level of correctional services, programs and resources.		
15	Do you see that?		
16	A. Yes.		
17	Q. Now, had -- had the DOJ said that before?		
18	A. That they don't provide the same		

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1 CoreCivic.
 2 So I have seen the information that
 3 plaintiffs and their experts have put forward --

4 **Q. I'm just --**

5 A. -- and the -- the -- the information
 6 is not -- I haven't seen information that's
 7 consistent with the claims. So I can't say that
 8 I -- I do know definitively what happened, but I
 9 can say that I have reviewed all the materials
 10 that plaintiffs and their economic experts have
 11 put forward supporting plaintiffs' claim and --
 12 and I don't see that supporting that claim.

13 So I have -- I -- so I have some
 14 information on that to the extent that you think
 15 the information that you've put forward supports
 16 it.

17 **Q. Have you reviewed plaintiffs' summary
 18 judgment papers?**

19 A. When would those have been filed?

20 **Q. Well, we --**

21 A. If they're in my materials
 22 considered, then --

23 **Q. No, we -- we haven't filed them.**

24 **And -- and so you don't know what evidence
 25 plaintiffs have to support the notion that the**

1 **Q. How did the market go about reaching
 2 an understanding as to whether the Yates memo was
 3 driven by politics or driven by quality and cost
 4 issues?**

5 MR. WHITWORTH: Object to the form.

6 THE WITNESS: The market reacts,
 7 particularly in an efficient market, which
 8 is what plaintiffs have claimed, to the
 9 public information that is out there,
 10 including, you know, the reading of the
 11 Sally Yates memo, and the market can have
 12 its own plain English understanding of
 13 what words mean.

14 And after that same reading of that
 15 memo, the -- my plain English understanding
 16 of those words is consistent with analyst
 17 commentary and other market commentary.

18 How the market reacts to information
 19 is -- they're -- you know, the -- the
 20 market -- efficient market, there's --
 21 there's lots of forces that to the extent
 22 money can be made by figuring something out
 23 and figuring out what's driving, you know,
 24 where the market will go, there's a lot of
 25 incentive to try to uncover information.

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1 **Yates memo was actually driven by cost and
 2 quality, right?**

3 MR. WHITWORTH: I'll object to the
 4 form.

5 Actually, withdrawn.

6 THE WITNESS: Oh. I -- I -- I
 7 don't know what's in a motion that you
 8 have not yet filed.

9 BY MR. WOOD:

10 **Q. I -- I agree with that. That's
 11 something we can agree on. Let me ask maybe a
 12 simpler question:**

13 **You were not asked by the defendants
 14 to reach an opinion on what cause -- on what
 15 caused the policy shift that is articulated in
 16 the Yates memo; is that fair?**

17 A. I believe that's correct. I was, at
 18 least for this report that we're talking about
 19 now, asked to -- yes, that's correct.

20 **Q. Have you -- okay. I think we
 21 established a few minutes ago that you concluded
 22 that the market believed the Yates memo to signal
 23 a shift in policy driven by politics, right?
 24 That's what you say in your report?**

25 A. Yes.

1 So finding out how companies are
 2 really doing and what really might happen is
 3 something that the -- that's one of the
 4 reasons the market is efficient, is people
 5 trying to make money off of trading the
 6 stock. And to the extent that they can, you
 7 know, find out what's really going on or
 8 figure out, you know, where things -- what
 9 will happen in the future to stock prices,
 10 then, you know, you can -- you can get rich
 11 like that.

12 So that's what -- market forces make
 13 this -- make public information and the
 14 expectation of you know, discounted value of
 15 future cash flows incorporated into the
 16 stock price. And that's what -- that's
 17 where the whole fraud on the market theory
 18 and the market efficiency, you know, comes
 19 into play, is that these forces make the
 20 market react to public information very
 21 quickly.

22 BY MR. WOOD:

23 **Q. One -- one possible, you know, data
 24 point that a securities analyst might rely on in
 25 figuring out, you know, what was driving this**

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1	policy shift would be statements by CoreCivic	1	BY MR. WOOD:
2	itself, right?	2	Q. Okay. And so you -- you see in the
3	A. Possibly. I mean, I think this --	3	second sentence it says, Three weeks ago, the
4	first of all, this memo is not directed at	4	Bureau declined to renew a contract for
5	CoreCivic. It's at other -- it affects all of	5	approximately 1200 beds.
6	the private prisons and it's expected to affect	6	Do you see that?
7	all of the private prisons.	7	A. Yes.
8	Q. You --	8	Q. And you understand that that's
9	A. You know, I'm not sure why -- I --	9	referring to a specific core -- CoreCivic
10	I'm not sure why specifically the market or	10	facility, right?
11	analysts would think that CoreCivic would have	11	A. Yes, I believe that's a Cibola --
12	specific insight into this, but sure. I don't	12	Q. Right. Okay.
13	know, you know.	13	A. -- facility.
14	Q. And you -- you agree, right, that	14	Q. I want to ask you about a specific
15	the -- the only facility that is specifically	15	case, which is a broader --
16	referred to in the Yates memo is a CoreCivic	16	MS. REPORTER: I'm sorry? Please
17	facility, right?	17	repeat that.
18	MR. WHITWORTH: Object to the form.	18	MR. WOOD: Sure.
19	THE WITNESS: Oh. You mean they	19	Let's turn to tab 13 in the binder.
20	mention a CoreCivic facility by name?	20	And if we could mark that as Exhibit 541.
21	Well, they don't mention -- I mean,	21	(Thereupon, Allen Exhibit
22	they're talking about reducing our use of	22	Number 541 was marked for
23	private prisons. I don't think that	23	identification.)
24	anyone thought this was specifically	24	BY MR. WOOD:
25	directed at CoreCivic.	25	Q. And tab 13 is -- is a case from the
Page 118		Page 120	
1	BY MR. WOOD:	1	Sixth Circuit, which is obviously the Court of
2	Q. Well, if you look at page 2 of the	2	Appeals --
3	Yates memo in -- in the second paragraph, you see	3	A. Can I just -- can I just interrupt
4	it says, I am aware that the Bureau is already	4	you for a second?
5	taking steps in this direction.	5	Q. Yes.
6	Do you see that?	6	A. I'm just -- so they mention the -- I
7	A. Yes.	7	guess with Cibola and then they talk about
8	Q. And then it says, Three weeks ago,	8	amending an existing contract, which I think is a
9	the Bureau declined to renew a contract for	9	GEO contract.
10	approximately 1200 beds.	10	Q. Well, if that's your testimony,
11	Do you see that?	11	that's fine.
12	A. Yes.	12	So Exhibit 541 -- it's tab 13 in
13	VIDEO OPERATOR: Okay. I'm sorry	13	the -- the binder --
14	to interrupt right now, but Lucy, you're	14	A. Okay.
15	going to have to angle your camera away	15	MR. WOOD: Let me make sure this is
16	from that window because it's making you	16	coming up.
17	go dark.	17	MR. WHITWORTH: At least when I
18	Thank you.	18	click on the link it's just the Yates
19	THE WITNESS: Oh, sorry. I don't	19	memo.
20	know what's going on.	20	MR. WOOD: Yeah.
21	VIDEO OPERATOR: It's good now.	21	Carrie, I think you need to fix that.
22	THE WITNESS: Is that better?	22	VIDEO OPERATOR: Yes. One second.
23	VIDEO OPERATOR: Yes.	23	I'm sorry. Those copy links aren't
24	THE WITNESS: Sorry about that.	24	wanting to go right.
25		25	MR. WOOD: That's okay.

<p>1 language reading, let's say, of footnote 5, it's 2 saying that a materialization of the risk theory 3 is where the truth doesn't need to be expressly 4 disclosed, but the risk that was concealed is 5 disclosed instead, which leads to a stock drop, 6 right?</p> <p>7 MR. WHITWORTH: Object to that 8 mischaracterization of the court order.</p> <p>9 THE WITNESS: So I think what it 10 says is you might not have known that 11 there was a defect, but, instead, you see 12 the failures that are caused by the 13 defect.</p> <p>14 BY MR. WOOD:</p> <p>15 Q. And that that is the equivalent of a 16 corrective disclosure, right?</p> <p>17 A. I don't think it says that, no. Oh, 18 it does. The materialization -- well, it -- it 19 doesn't particularly say that that is that. It 20 does -- it does say that even without an express 21 acknowledgment, the materialization would serve 22 as the equivalent of a corrective disclosure.</p> <p>23 Q. And that -- that makes sense to you 24 from an economics perspective, right?</p> <p>25 A. What?</p>	Page 129	<p>1 this, but --</p> <p>2 Q. Okay. But even if the company 3 doesn't admit that their cars blow up, the very 4 fact that they are blowing up is corrective, 5 right?</p> <p>6 A. Yes, I -- I agree with that. I don't 7 think that -- that -- that does not work well 8 with your CoreCivic example, but okay.</p> <p>9 Q. Yeah, we'll have to agree to disagree 10 on that, but I -- I appreciate your answer. 11 So --</p> <p>12 A. So in the CoreCivic answer, here 13 you're finding that the product fails. In the 14 CoreCivic, what your second economic expert said 15 is that the fact that analysts cited CoreCivic's 16 cost and quality as evidence that that was 17 important to the value proposition. And those -- 18 the -- the market continued to think that 19 CoreCivic's cost and quality was good after the 20 end of the class period.</p> <p>21 So none of your experts have found 22 any change in the analysts' view of the company's 23 cost and quality. So to the extent that the -- 24 the -- the misrepresentations were 25 misrepresenting the cost and quality or hiding</p>	Page 131
<p>1 Q. The notion that the market could 2 react not just to an express admission that 3 something previously was false, but that the 4 market might learn that something was false 5 through something like a product defect.</p> <p>6 A. No, the product defect is what was 7 concealed. So it's the failure that the market 8 sees.</p> <p>9 Q. Right. And so -- for example, let's 10 say a company says our cars never blow up, right, 11 and then the market -- just everyone is running 12 around and these cars are blowing up, right? The 13 market might see that and be like gee, their 14 statement that their cars never blow up appears 15 to be false because these cars are blowing up 16 everywhere, right?</p> <p>17 MR. WHITWORTH: Object to the form.</p> <p>18 THE WITNESS: Well, that seems like 19 a -- a directly corrective statement. So 20 the company says they don't blow up and 21 then they do blow up. So that is actually 22 correcting the false statement.</p> <p>23 BY MR. WOOD:</p> <p>24 Q. Right.</p> <p>25 A. I don't think that's analogous to</p>	Page 130	<p>1 performance features, operating performance of 2 the company, that is not something the market 3 ever learned.</p> <p>4 Whereas, in this example that the 5 judge decided the -- the market is actually 6 learning of product failures. The product is 7 actually not working and they have a -- a worse 8 view of the product.</p> <p>9 Here, the market does not have a 10 worse view of CoreCivic's product and there's no 11 evidence that the market has a worse view of 12 CoreCivic's product.</p> <p>13 Q. The market did, however, after the 14 Yates memo reevaluate and adjust its expectations 15 with respect to future revenues from BOP 16 contracts, right?</p> <p>17 A. As -- as -- as it did with its -- 18 the -- the same thing happened to its peer that 19 was not allegedly misrepresenting their cost and 20 quality. So to the extent you take out what's 21 going on with the industry, you -- you see 22 exactly the same effect with -- its peer company 23 is also. And what the market is finding is not 24 that there's a bad relationship with BOP or that 25 there's worse cost and quality. They're thinking</p>	Page 132